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UNCLAS KUALA LUMPUR 000510

SIPDIS

PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [MY](#)
SUBJECT: BLUE LANTERN RESPONSE: CITRA BADI MALAYSIA
APPLICATION 050173483

REF: STATE 60502

¶1. Summary and comment: Pursuant to reftel request, Econoff and ECON FSN on June 22 visited the office of Citra Badi, a subsidiary of ARG Tech Sdn Bhd to establish the bona fides of the company and determine if reftel proposed sale appeared legitimate. A Royal Malaysian Air Force Lieutenant Colonel confirmed that he had ordered the part. We believe Citra Badi and its parent are legitimate Malaysian companies and we recommend approval of reftel proposed sale. End summary and comment.

¶2. Econoff and FSN met with Mr. Abdul Rahim Ghalim, CEO of ARG Tech in the company's clean, two-storey office building in a shop lot. Framed photos of military aircraft appeared on the walls. He showed Econoff the original purchase order from the Royal Malaysian Air Force (RMAF) for the part in question as well as a copy of Citra Badi's "Direct Procurement Agreement" with the Ministry of Defense, "For the Supply of Non-Proprietary Spare Parts, Components and Any Related Equipment for the Royal Malaysian Air Force Aircraft." The purchase order was on the same textured blue paper with the identical embossed RMAF letterhead as purchase orders from other RMAF purchase orders seen in a previous Blue Lantern Check. It bore an original signature and appeared legitimate.

¶3. Rahim explained that the RMAF had such contracts with 34 different Malaysian companies; the lowest bidder got the order. (Note: During a blue lantern check on June 19, a principal officer of F.J. Global Solutions mentioned that Citra Badi was one of its competitors. End note.) Citra Badi was not a broker, Rahim said; it supplied directly to the RMAF and no other companies would be involved in the transaction. The company engaged in some local trading of non-controlled items but the RMAF was its main customer. Rahim also explained that controlled items were never stored on the premises but were delivered to the RMAF immediately.

¶4. Citra Badi was established in 2004, Rahim explained. In addition to himself, principal officers include Mr. Mohamed Pilus Kanu, General Manager, and Mr. Sufian Kadir, Manager. Rahim said the company never transferred or re-exported any item; its only business was to acquire parts for the RMAF when it was the lowest bidder. He seemed to have a good understanding of the restrictions.

¶5. On June 24, Lt. Col Zainal Abdul Manaf, Purchasing Officer for the RMAF, told ECON FSN that he had ordered the part in question through Citra Badi.

